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FROM : AmEmbassy, Guatemala

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DESP. NO.

OCT 7 1954 XR 814/10

TO : THE DEPARTMENT OF STATE, WASHINGTON.

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SUBJECT:

President Castillo Treats Various International Problems at His Press Conference

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At his September 29 Press Conference, President Carlos CASTILLO Armas described his meeting the previous day with President OSORIO of El Salvador, stated he was personally opposed to a loan from the International Bank of Reconstruction and Development, and said that Colonel Elfego H. MONZON's trip to the United States as the Guatemalan delegate had been delayed while technical economic studies he is to take with him are prepared.

The President said that his meeting with President Osorio had dealt with general subjects, and that there had not been time to deal with specifics. He acknowledged that the question of the political refugees in the Salvadoran Embassy had been discussed and said it was agreed that they would be received in El Salvador. Answering a question about cooperation between the Central American countries, the President pointed to the Organization of Central American States (ODECA) which he said would meet in Managua in December.

President Castillo was then asked about a report attributed to Congressman Hillings that a large part of the arms shipment which the Arbenz government received from the Soviet orbit last May was in the hands of the Communists. He replied, according to the official Diario de Centro America, "The armament which came to Guatemala on that occasion is completely accounted for and under the control of the government. If the Communists have other armament, it does not form part of the \$10,000,000 purchase".

When the reporters touched on political questions, the President gave assurance that every citizen could express his opinion in the October 10 referendum as to whether he should continue in the Presidency, but added that the organization of political parties in these times would be unpatriotic because of the agitation they would cause among the people.

Referring to

JCHill:ok
REPORTER

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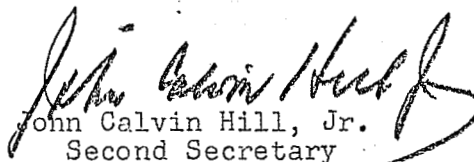
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Referring to economic matters, the press asked Castillo whether a loan would be obtained from the International Bank. He answered "There isn't anything on that yet. Personally, I don't want this measure to be taken. But if it is done, it would be for productive works and not by any means to pay salaries or cover the debts of the State". This passage received headlines in the newspapers which emphasized the "no foreign loans" overtone.

Concerning U.S. aid, the President stated that the special trip of Colonel Monzón to the United States had not yet taken place because certain economic studies were being completed. He referred to Point IV aid, saying that with it the development of the Petén and other areas of Guatemala could be developed. He also said work on the Inter-American Highway would start at the end of the rainy season (which usually occurs around November 1).

For the Chargé d'Affaires, a.i.


John Calvin Hill, Jr.
Second Secretary

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